

**CONFIDENTIAL**

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Approved For Release 2003/08/18 : CIA-RDP80R01731R003300140007-8

*Lin O. Budget*  
Washington

July 18, 1951

My dear General Smith:

By the Presidential Directive of April 4, 1951, to the Secretary of State, the Secretary of Defense and the Director of Central Intelligence, there was established the Psychological Strategy Board and, under the Board, a Director to be designated by the President and to receive compensation at the rate of \$16,000.00 per year. The President has now designated Mr. Gordon Gray to be the Director and Mr. Gray entered on duty on 2 July.

In order that Mr. Gray may properly perform his duties as Director and organize his staff, it will be necessary for the Departments of State and Defense and the Central Intelligence Agency to afford him and his staff certain administrative support. Those Departments and the Central Intelligence Agency will arrange among themselves, with the approval of the Bureau of the Budget, for effective support as requested by Mr. Gray. In accordance with the President's instructions it is specifically requested that the Central Intelligence Agency undertake the necessary appointment action to regularize Mr. Gray's entry on duty as of 2 July, to continue necessary personnel actions in connection with the position of Director of the Board and to pay the Director's compensation at the rate of \$16,000.00 per year commencing with the effective date of his entrance on duty.

In the event that Mr. Gray desires to appoint a Deputy Director to assist him in the performance of his functions, it is requested that the Central Intelligence Agency undertake to give similar administrative support to the Deputy Director and pay his compensation at a rate not to exceed \$14,000.00 per year.

Sincerely yours,

s/ Donald S. Dawson  
Administrative Assistant to the President

General Walter B. Smith  
Director, Central Intelligence Agency  
Washington, D. C.

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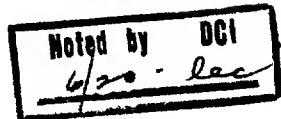
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NSC review(s) completed.

*PSB -*

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18 June 1951



MEMORANDUM FOR GENERAL SMITH

The following telegram was received by the Signal Center after you had left your office:

"Board of Trustees of University today approved my recommendation that I undertake organization of Psychological Strategy Board on a part-time basis, terminable at the pleasure of the Board of Trustees. If you feel latter qualification is vital, will be happy to discuss it with you. Expect to be in Washington Wednesday. Will be prepared to undertake work reasonably soon.

*Telegram*  
(signed) Gordon Gray  
Chapel Hill, N.C."

The gist of above message was given to Mr. Jackson.

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*REC*  
LEC